



General Assembly

January Session, 2009

**Committee Bill No. 16**

LCO No. 2425

\*02425SB00016AGE\*

Referred to Committee on Select Committee on Aging

Introduced by:  
(AGE)

**AN ACT CONCERNING AN INCOME TAX DEDUCTION FOR LONG-TERM CARE.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 12-701 of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective from*  
3 *passage and applicable to taxable years commencing on or after January 1,*  
4 *2009*):

5 (a) For purposes of this chapter:

6 (1) "Resident of this state" means any natural person (A) who is  
7 domiciled in this state, unless (i) the person maintains no permanent  
8 place of abode in this state, maintains a permanent place of abode  
9 elsewhere and spends in the aggregate not more than thirty days of the  
10 taxable year in this state, or (ii) within any period of five hundred  
11 forty-eight consecutive days the person is present in a foreign country  
12 or countries for at least four hundred fifty days, and during such  
13 period of five hundred forty-eight consecutive days the person is not  
14 present in this state for more than ninety days and does not maintain a  
15 permanent place of abode in this state at which such person's spouse,

16 unless such spouse is legally separated, or minor children are present  
17 for more than ninety days, and during the nonresident portion of the  
18 taxable year with or within which such period of five hundred forty-  
19 eight consecutive days begins and the nonresident portion of the  
20 taxable year with or within which such period ends, such person is  
21 present in this state for a number of days which does not exceed an  
22 amount which bears the same ratio to ninety as the number of days  
23 contained in such portion of the taxable year bears to five hundred  
24 forty-eight, or (B) who is not domiciled in this state but maintains a  
25 permanent place of abode in this state and is in this state for an  
26 aggregate of more than one hundred eighty-three days of the taxable  
27 year, unless such person, not being domiciled in this state, is in active  
28 service in the armed forces of the United States.

29 (2) "Nonresident of this state" means any natural person who is not  
30 a resident of this state for any portion of the taxable year.

31 (3) "Part-year resident of this state" means any natural person who is  
32 not either a resident of this state for the entire taxable year or a  
33 nonresident of this state for the entire taxable year.

34 (4) "Resident trust or estate" means (A) the estate of a decedent who  
35 at the time of his death was a resident of this state, (B) the estate of a  
36 person who, at the time of commencement of a case under Title 11 of  
37 the United States Code, was a resident of this state, (C) a trust, or a  
38 portion of a trust, consisting of property transferred by will of a  
39 decedent who at the time of his death was a resident of this state, and  
40 (D) a trust, or a portion of a trust, consisting of the property of (i) a  
41 person who was a resident of this state at the time the property was  
42 transferred to the trust if the trust was then irrevocable, (ii) a person  
43 who, if the trust was revocable at the time the property was transferred  
44 to the trust, and has not subsequently become irrevocable, was a  
45 resident of this state at the time the property was transferred to the  
46 trust or (iii) a person who, if the trust was revocable when the property  
47 was transferred to the trust but the trust has subsequently become

48 irrevocable, was a resident of this state at the time the trust became  
49 irrevocable. For purposes of this chapter, if any trust or portion of a  
50 trust, other than a trust created by the will of a decedent, has one or  
51 more nonresident noncontingent beneficiaries, the Connecticut taxable  
52 income of the trust, as defined in subdivision (9) of this subsection,  
53 shall be modified as follows: The Connecticut taxable income of the  
54 trust shall be the sum of all such income derived from or connected  
55 with sources within this state and that portion of such income derived  
56 from or connected with all other sources which is derived by applying  
57 to all such income derived from or connected with all other sources a  
58 fraction the numerator of which is the number of resident  
59 noncontingent beneficiaries and the denominator of which is the total  
60 number of noncontingent beneficiaries. For purposes of section 12-  
61 700a, if any trust or portion of a trust, other than a trust created by the  
62 will of a decedent, has one or more nonresident noncontingent  
63 beneficiaries, its adjusted federal alternative minimum taxable income,  
64 as defined in section 12-700a shall be modified as follows: The adjusted  
65 federal alternative minimum taxable income of the trust shall be the  
66 sum of all such income derived from or connected with sources within  
67 this state and that portion of such income derived from or connected  
68 with all other sources which is derived by applying to all such income  
69 derived from or connected with all other sources a fraction, the  
70 numerator of which is the number of resident noncontingent  
71 beneficiaries and the denominator of which is the total number of  
72 noncontingent beneficiaries. As used in this subdivision,  
73 "noncontingent beneficiary" means a beneficiary whose interest is not  
74 subject to a condition precedent.

75 (5) "Nonresident trust or estate" means any trust or estate other than  
76 a resident trust or estate or a part-year resident trust.

77 (6) "Part-year resident trust" means any trust which is not either a  
78 resident trust or a nonresident trust for the entire taxable year.

79 (7) "Taxable year" means taxable year as determined in accordance

80 with section 12-708.

81 (8) "Connecticut taxable income of a resident" means the  
82 Connecticut adjusted gross income of a natural person with respect to  
83 any taxable year reduced by the amount of the exemption provided in  
84 section 12-702.

85 (9) "Connecticut taxable income of a resident trust or estate" shall  
86 mean the taxable income of the fiduciary of such trust or estate as  
87 determined for purposes of the federal income tax, to which (A) there  
88 shall be added or subtracted, as the case may be, the share of the trust  
89 or estate, as determined under section 12-716, in the Connecticut  
90 fiduciary adjustment and (B) with respect to any trust, there shall be  
91 added the amount of any includable gain, reduced by any deductions  
92 properly allocable thereto, upon which a tax is imposed for the taxable  
93 year pursuant to Section 644 of the Internal Revenue Code.

94 (10) "Connecticut fiduciary adjustment" means the net positive or  
95 negative total of the following items relating to income, gain, loss or  
96 deduction of a trust or estate: (A) There shall be added together (i) any  
97 interest income from obligations issued by or on behalf of any state,  
98 political subdivision thereof, or public instrumentality, state or local  
99 authority, district or similar public entity, exclusive of such income  
100 from obligations issued by or on behalf of the state of Connecticut, any  
101 political subdivision thereof, or public instrumentality, state or local  
102 authority, district or similar public entity created under the laws of the  
103 state of Connecticut and exclusive of any such income with respect to  
104 which taxation by any state is prohibited by federal law, (ii) any  
105 exempt-interest dividends, as defined in Section 852 (b)(5) of the  
106 Internal Revenue Code, exclusive of such exempt-interest dividends  
107 derived from obligations issued by or on behalf of the state of  
108 Connecticut, any political subdivision thereof, or public  
109 instrumentality, state or local authority, district or similar public entity  
110 created under the laws of the state of Connecticut and exclusive of  
111 such exempt-interest dividends derived from obligations, the income

112 with respect to which taxation by any state is prohibited by federal  
113 law, (iii) any interest or dividend income on obligations or securities of  
114 any authority, commission or instrumentality of the United States  
115 which federal law exempts from federal income tax but does not  
116 exempt from state income taxes, (iv) to the extent properly includable  
117 in determining the net gain or loss from the sale or other disposition of  
118 capital assets for federal income tax purposes, any loss from the sale or  
119 exchange of obligations issued by or on behalf of the state of  
120 Connecticut, any political subdivision thereof, or public  
121 instrumentality, state or local authority, district or similar public entity  
122 created under the laws of the state of Connecticut, in the income year  
123 such loss was recognized, (v) to the extent deductible in determining  
124 federal taxable income prior to deductions relating to distributions to  
125 beneficiaries, any income taxes imposed by this state, (vi) to the extent  
126 deductible in determining federal taxable income prior to deductions  
127 relating to distributions to beneficiaries, any interest on indebtedness  
128 incurred or continued to purchase or carry obligations or securities the  
129 interest on which is exempt from tax under this chapter, and (vii)  
130 expenses paid or incurred during the taxable year for the production  
131 or collection of income which is exempt from tax under this chapter, or  
132 the management, conservation or maintenance of property held for the  
133 production of such income, and the amortizable bond premium for the  
134 taxable year on any bond the interest on which is exempt from taxation  
135 under this chapter, to the extent that such expenses and premiums are  
136 deductible in determining federal taxable income prior to deductions  
137 relating to distributions to beneficiaries. (B) There shall be subtracted  
138 from the sum of such items (i) to the extent properly includable in  
139 gross income for federal income tax purposes, any income with respect  
140 to which taxation by any state is prohibited by federal law, (ii) to the  
141 extent allowable under section 12-718, exempt dividends paid by a  
142 regulated investment company, (iii) with respect to any trust or estate  
143 which is a shareholder of an S corporation which is carrying on, or  
144 which has the right to carry on, business in this state, as said term is  
145 used in section 12-214, the amount of such shareholder's pro rata share

146 of such corporation's nonseparately computed items, as defined in  
147 Section 1366 of the Internal Revenue Code, that is subject to tax under  
148 chapter 208, in accordance with subsection (c) of section 12-217  
149 multiplied by such corporation's apportionment fraction, if any, as  
150 determined in accordance with section 12-218, (iv) to the extent  
151 properly includable in gross income for federal income tax purposes,  
152 any interest income from obligations issued by or on behalf of the state  
153 of Connecticut, any political subdivision thereof, or public  
154 instrumentality, state or local authority, district or similar public entity  
155 created under the laws of the state of Connecticut, (v) to the extent  
156 properly includable in determining the net gain or loss from the sale or  
157 other disposition of capital assets for federal income tax purposes, any  
158 gain from the sale or exchange of obligations issued by or on behalf of  
159 the state of Connecticut, any political subdivision thereof, or public  
160 instrumentality, state or local authority, district or similar public entity  
161 created under the laws of the state of Connecticut, in the income year  
162 such gain was recognized, (vi) any interest on indebtedness incurred  
163 or continued to purchase or carry obligations or securities the interest  
164 on which is subject to tax under this chapter, but exempt from federal  
165 income tax, to the extent that such interest on indebtedness is not  
166 deductible in determining federal taxable income prior to deductions  
167 relating to distributions to beneficiaries, (vii) ordinary and necessary  
168 expenses paid or incurred during the taxable year for the production  
169 or collection of income which is subject to taxation under this chapter,  
170 but exempt from federal income tax, or the management, conservation  
171 or maintenance of property held for the production of such income,  
172 and the amortizable bond premium for the taxable year on any bond  
173 the interest on which is subject to tax under this chapter, but exempt  
174 from federal income tax, to the extent that such expenses and  
175 premiums are not deductible in determining federal taxable income  
176 prior to deductions relating to distributions to beneficiaries, and (viii)  
177 the amount of any refund or credit for overpayment of income taxes  
178 imposed by this state, to the extent properly includable in gross  
179 income for federal income tax purposes for the taxable year and to the

180 extent deductible in determining federal taxable income prior to  
181 deductions relating to distributions to beneficiaries for the preceding  
182 taxable year.

183 (11) "Estimated tax" means the amount which the individual  
184 estimates to be his income tax under this chapter for the taxable year  
185 less the amount which such individual estimates to be the sum of any  
186 credits allowable for tax withheld.

187 (12) "Required annual payment" means the lesser of (A) ninety per  
188 cent of the tax shown on the return for the taxable year, or, if no return  
189 is filed, ninety per cent of the tax for such year, or (B) if the preceding  
190 taxable year was a taxable year of twelve months and the individual  
191 filed a return for the preceding taxable year, one hundred per cent of  
192 the tax shown on the return of the individual for such preceding  
193 taxable year.

194 (13) "Regulated investment company" means a regulated investment  
195 company as defined in Section 851 of the Internal Revenue Code.

196 (14) "Exempt dividends" means any dividend or part thereof, other  
197 than a capital gain dividend, paid by a regulated investment company  
198 and designated by it as an exempt dividend, in accordance with  
199 section 12-718, in a written notice mailed to its shareholders not later  
200 than sixty days after the close of its taxable year.

201 (15) "Taxpayer" means any person, trust or estate subject to the tax  
202 imposed under this chapter.

203 (16) "Internal Revenue Code" means the Internal Revenue Code of  
204 1986, or any subsequent corresponding internal revenue code of the  
205 United States, as from time to time amended.

206 (17) "S corporation" means any corporation which is an S  
207 corporation for federal income tax purposes.

208 (18) "Person" means a person as defined in section 12-1, but shall not

209 include any corporation or association which is taxable as a  
210 corporation for the purposes of chapter 208, provided, for purposes of  
211 sections 12-735, 12-736 and 12-737, the term "person" shall include an  
212 individual, corporation or partnership and any officer or employee of  
213 any corporation, including a dissolved corporation, and a member or  
214 employee of any partnership who, as such officer, employee or  
215 member, is under a duty to perform the act in respect of which the  
216 violation occurs.

217 (19) "Adjusted gross income" means the adjusted gross income of a  
218 natural person with respect to any taxable year, as determined for  
219 federal income tax purposes and as properly reported on such person's  
220 federal income tax return.

221 (20) "Connecticut adjusted gross income" means adjusted gross  
222 income, with the following modifications:

223 (A) There shall be added thereto (i) to the extent not properly  
224 includable in gross income for federal income tax purposes, any  
225 interest income from obligations issued by or on behalf of any state,  
226 political subdivision thereof, or public instrumentality, state or local  
227 authority, district or similar public entity, exclusive of such income  
228 from obligations issued by or on behalf of the state of Connecticut, any  
229 political subdivision thereof, or public instrumentality, state or local  
230 authority, district or similar public entity created under the laws of the  
231 state of Connecticut and exclusive of any such income with respect to  
232 which taxation by any state is prohibited by federal law, (ii) any  
233 exempt-interest dividends, as defined in Section 852(b)(5) of the  
234 Internal Revenue Code, exclusive of such exempt-interest dividends  
235 derived from obligations issued by or on behalf of the state of  
236 Connecticut, any political subdivision thereof, or public  
237 instrumentality, state or local authority, district or similar public entity  
238 created under the laws of the state of Connecticut and exclusive of  
239 such exempt-interest dividends derived from obligations, the income  
240 with respect to which taxation by any state is prohibited by federal



241 law, (iii) any interest or dividend income on obligations or securities of  
242 any authority, commission or instrumentality of the United States  
243 which federal law exempts from federal income tax but does not  
244 exempt from state income taxes, (iv) to the extent included in gross  
245 income for federal income tax purposes for the taxable year, the total  
246 taxable amount of a lump sum distribution for the taxable year  
247 deductible from such gross income in calculating federal adjusted  
248 gross income, (v) to the extent properly includable in determining the  
249 net gain or loss from the sale or other disposition of capital assets for  
250 federal income tax purposes, any loss from the sale or exchange of  
251 obligations issued by or on behalf of the state of Connecticut, any  
252 political subdivision thereof, or public instrumentality, state or local  
253 authority, district or similar public entity created under the laws of the  
254 state of Connecticut, in the income year such loss was recognized, (vi)  
255 to the extent deductible in determining federal adjusted gross income,  
256 any income taxes imposed by this state, (vii) to the extent deductible in  
257 determining federal adjusted gross income, any interest on  
258 indebtedness incurred or continued to purchase or carry obligations or  
259 securities the interest on which is exempt from tax under this chapter,  
260 (viii) expenses paid or incurred during the taxable year for the  
261 production or collection of income which is exempt from taxation  
262 under this chapter or the management, conservation or maintenance of  
263 property held for the production of such income, and the amortizable  
264 bond premium for the taxable year on any bond the interest on which  
265 is exempt from tax under this chapter to the extent that such expenses  
266 and premiums are deductible in determining federal adjusted gross  
267 income, and (ix) for property placed in service after September 10,  
268 2001, but prior to September 11, 2004, in taxable years ending after  
269 September 10, 2001, any additional allowance for depreciation under  
270 subsection (k) of Section 168 of the Internal Revenue Code, as provided  
271 by Section 101 of the Job Creation and Worker Assistance Act of 2002,  
272 to the extent deductible in determining federal adjusted gross income.

273 (B) There shall be subtracted therefrom (i) to the extent properly  
274 includable in gross income for federal income tax purposes, any

275 income with respect to which taxation by any state is prohibited by  
276 federal law, (ii) to the extent allowable under section 12-718, exempt  
277 dividends paid by a regulated investment company, (iii) the amount of  
278 any refund or credit for overpayment of income taxes imposed by this  
279 state, or any other state of the United States or a political subdivision  
280 thereof, or the District of Columbia, to the extent properly includable  
281 in gross income for federal income tax purposes, (iv) to the extent  
282 properly includable in gross income for federal income tax purposes  
283 and not otherwise subtracted from federal adjusted gross income  
284 pursuant to clause (x) of this subparagraph in computing Connecticut  
285 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the  
286 extent any additional allowance for depreciation under Section 168(k)  
287 of the Internal Revenue Code, as provided by Section 101 of the Job  
288 Creation and Worker Assistance Act of 2002, for property placed in  
289 service after December 31, 2001, but prior to September 10, 2004, was  
290 added to federal adjusted gross income pursuant to subparagraph  
291 (A)(ix) of this subdivision in computing Connecticut adjusted gross  
292 income for a taxable year ending after December 31, 2001, twenty-five  
293 per cent of such additional allowance for depreciation in each of the  
294 four succeeding taxable years, (vi) to the extent properly includable in  
295 gross income for federal income tax purposes, any interest income  
296 from obligations issued by or on behalf of the state of Connecticut, any  
297 political subdivision thereof, or public instrumentality, state or local  
298 authority, district or similar public entity created under the laws of the  
299 state of Connecticut, (vii) to the extent properly includable in  
300 determining the net gain or loss from the sale or other disposition of  
301 capital assets for federal income tax purposes, any gain from the sale  
302 or exchange of obligations issued by or on behalf of the state of  
303 Connecticut, any political subdivision thereof, or public  
304 instrumentality, state or local authority, district or similar public entity  
305 created under the laws of the state of Connecticut, in the income year  
306 such gain was recognized, (viii) any interest on indebtedness incurred  
307 or continued to purchase or carry obligations or securities the interest  
308 on which is subject to tax under this chapter but exempt from federal

309 income tax, to the extent that such interest on indebtedness is not  
310 deductible in determining federal adjusted gross income and is  
311 attributable to a trade or business carried on by such individual, (ix)  
312 ordinary and necessary expenses paid or incurred during the taxable  
313 year for the production or collection of income which is subject to  
314 taxation under this chapter but exempt from federal income tax, or the  
315 management, conservation or maintenance of property held for the  
316 production of such income, and the amortizable bond premium for the  
317 taxable year on any bond the interest on which is subject to tax under  
318 this chapter but exempt from federal income tax, to the extent that  
319 such expenses and premiums are not deductible in determining federal  
320 adjusted gross income and are attributable to a trade or business  
321 carried on by such individual, (x) (I) for a person who files a return  
322 under the federal income tax as an unmarried individual whose  
323 federal adjusted gross income for such taxable year is less than fifty  
324 thousand dollars, or as a married individual filing separately whose  
325 federal adjusted gross income for such taxable year is less than fifty  
326 thousand dollars, or for a husband and wife who file a return under  
327 the federal income tax as married individuals filing jointly whose  
328 federal adjusted gross income for such taxable year is less than sixty  
329 thousand dollars or a person who files a return under the federal  
330 income tax as a head of household whose federal adjusted gross  
331 income for such taxable year is less than sixty thousand dollars, an  
332 amount equal to the Social Security benefits includable for federal  
333 income tax purposes; and (II) for a person who files a return under the  
334 federal income tax as an unmarried individual whose federal adjusted  
335 gross income for such taxable year is fifty thousand dollars or more, or  
336 as a married individual filing separately whose federal adjusted gross  
337 income for such taxable year is fifty thousand dollars or more, or for a  
338 husband and wife who file a return under the federal income tax as  
339 married individuals filing jointly whose federal adjusted gross income  
340 from such taxable year is sixty thousand dollars or more or for a  
341 person who files a return under the federal income tax as a head of  
342 household whose federal adjusted gross income for such taxable year

343 is sixty thousand dollars or more, an amount equal to the difference  
344 between the amount of Social Security benefits includable for federal  
345 income tax purposes and the lesser of twenty-five per cent of the Social  
346 Security benefits received during the taxable year, or twenty-five per  
347 cent of the excess described in Section 86(b)(1) of the Internal Revenue  
348 Code, (xi) to the extent properly includable in gross income for federal  
349 income tax purposes, any amount rebated to a taxpayer pursuant to  
350 section 12-746, (xii) to the extent properly includable in the gross  
351 income for federal income tax purposes of a designated beneficiary,  
352 any distribution to such beneficiary from any qualified state tuition  
353 program, as defined in Section 529(b) of the Internal Revenue Code,  
354 established and maintained by this state or any official, agency or  
355 instrumentality of the state, (xiii) to the extent allowable under section  
356 12-701a, contributions to accounts established pursuant to any  
357 qualified state tuition program, as defined in Section 529(b) of the  
358 Internal Revenue Code, established and maintained by this state or  
359 any official, agency or instrumentality of the state, (xiv) to the extent  
360 properly includable in gross income for federal income tax purposes,  
361 the amount of any Holocaust victims' settlement payment received in  
362 the taxable year by a Holocaust victim, (xv) to the extent properly  
363 includable in gross income for federal income tax purposes of an  
364 account holder, as defined in section 31-51ww, interest earned on  
365 funds deposited in the individual development account, as defined in  
366 section 31-51ww, of such account holder, (xvi) to the extent properly  
367 includable in the gross income for federal income tax purposes of a  
368 designated beneficiary, as defined in section 3-123aa, interest,  
369 dividends or capital gains earned on contributions to accounts  
370 established for the designated beneficiary pursuant to the Connecticut  
371 Homecare Option Program for the Elderly established by sections 3-  
372 123aa to 3-123ff, inclusive, [and] (xvii) to the extent properly included  
373 in gross income for federal income tax purposes, fifty per cent of the  
374 income received from the United States government as retirement pay  
375 for a retired member of (I) the Armed Forces of the United States, as  
376 defined in Section 101 of Title 10 of the United States Code, or (II) the

377 National Guard, as defined in Section 101 of Title 10 of the United  
378 States Code, and (xviii) expenses paid to a caregiver for the care of any  
379 person seventy years of age or older related by blood, adoption or  
380 marriage to the taxpayer, to the extent that the taxpayer either  
381 provided the caregiver with a W-2 or 1099 federal tax form for the tax  
382 year in which expenses were paid or employed the caregiver through  
383 an agency that provided a W-2 or 1099 federal tax form to the  
384 caregiver for the tax year in which expenses were paid.

385 (C) With respect to a person who is the beneficiary of a trust or  
386 estate, there shall be added or subtracted, as the case may be, from  
387 adjusted gross income such person's share, as determined under  
388 section 12-714, in the Connecticut fiduciary adjustment.

389 (21) "Commissioner" means the Commissioner of Revenue Services  
390 or his authorized agent.

391 (22) "Department" means the Department of Revenue Services.

392 (23) "Federal tentative minimum tax" means tentative minimum tax,  
393 as determined pursuant to Section 55 of the Internal Revenue Code,  
394 reduced by the alternative minimum tax foreign tax credit.

395 (24) "Adjusted federal tentative minimum tax" of an individual  
396 means such individual's federal tentative minimum tax or, in the case  
397 of an individual whose Connecticut adjusted gross income includes  
398 modifications described in subparagraph (A)(i), (A)(ii), (A)(v), (A)(vi),  
399 (A)(vii) or (A)(viii) of subdivision (20) of subsection (a) of this section  
400 or subparagraph (B)(i), (B)(ii), (B)(v), (B)(vi), (B)(vii), (B)(viii), (B)(ix),  
401 (B)(x), (B)(xiii) or (B)(xv) of subdivision (20) of subsection (a) of this  
402 section, the amount that would have been the federal tentative  
403 minimum tax if such tax were calculated by including, to the extent not  
404 includable in federal alternative minimum taxable income, the  
405 modifications described in subparagraph (A)(i), (A)(ii), (A)(v), (A)(vi),  
406 (A)(vii) or (A)(viii) of subdivision (20) of subsection (a) of this section,  
407 by excluding, to the extent includable in federal alternative minimum

408 taxable income, the modifications described in subparagraph (B)(i),  
409 (B)(ii), (B)(v), (B)(vi), (B)(vii), (B)(viii), (B)(ix), (B)(x), (B)(xiii) or (B)(xv)  
410 of subdivision (20) of subsection (a) of this section, and by excluding,  
411 to the extent includable in federal alternative minimum taxable  
412 income, the amount of any interest income or exempt-interest  
413 dividends, as defined in Section 852(b)(5) of the Internal Revenue  
414 Code, from obligations that are issued by or on behalf of the state of  
415 Connecticut, any political subdivision thereof, or public  
416 instrumentality, state or local authority, district, or similar public  
417 entity that is created under the laws of the state of Connecticut, or from  
418 obligations that are issued by or on behalf of any territory or  
419 possession of the United States, any political subdivision of such  
420 territory or possession, or public instrumentality, authority, district or  
421 similar public entity of such territory or possession, the income with  
422 respect to which taxation by any state is prohibited by federal law. If  
423 such individual is a beneficiary of a trust or estate, then, in calculating  
424 his or her federal tentative minimum tax, his or her federal alternative  
425 taxable income shall be increased or decreased, as the case may be, by  
426 the net amount of such individual's proportionate share of the  
427 Connecticut fiduciary adjustment relating to modifications that are  
428 described in, to the extent not includable in federal alternative  
429 minimum taxable income, subparagraph (A)(i), (A)(ii), (A)(v), (A)(vi),  
430 (A)(vii) or (A)(viii) of subdivision (20) of subsection (a) of this section,  
431 or, to the extent includable in federal alternative minimum taxable  
432 income, subparagraph (B)(i), (B)(ii), (B)(v), (B)(vi), (B)(vii), (B)(viii),  
433 (B)(ix), (B)(x), (B)(xiii) or (B)(xv) of subdivision (20) of subsection (a) of  
434 this section.

435 (25) "Net Connecticut minimum tax" means the amount by which  
436 the Connecticut minimum tax exceeds the income tax imposed under  
437 section 12-700.

438 (26) (A) "Connecticut minimum tax" of an individual means the  
439 lesser of (i) nineteen per cent of the adjusted federal tentative  
440 minimum tax, as defined in subdivision (24) of subsection (a) of this

441 section, or (ii) five and one-half per cent of the adjusted federal  
442 alternative minimum taxable income, as defined in subdivision (30) of  
443 this subsection. (B) "Connecticut minimum tax" of a trust or estate  
444 means the lesser of (i) nineteen per cent of the adjusted federal  
445 tentative minimum tax, as defined in subdivision (28) of this  
446 subsection, or (ii) five and one-half per cent of the adjusted federal  
447 alternative minimum taxable income, as defined in subdivision (31) of  
448 this subsection.

449 (27) "Adjusted net Connecticut minimum tax" means (A) if the  
450 Connecticut minimum tax is calculated under subparagraph (A)(i) or  
451 (B)(i), as the case may be, of subdivision (26) of this subsection, the  
452 excess, if any, of (i) the net Connecticut minimum tax, less the credit  
453 allowed under subsection (e) of section 12-700a, over (ii) the amount  
454 that would have been the net Connecticut minimum tax provided the  
455 adjustments and items of preference specified in Section 53(d) of the  
456 Internal Revenue Code had been used in determining the net  
457 Connecticut minimum tax, less the credit that would have been  
458 allowed under subsection (e) of section 12-700a for a similar tax  
459 determined by using only the adjustments and items of preference  
460 specified in Section 53(d) of the Internal Revenue Code, or (B) if the  
461 Connecticut minimum tax is calculated under subparagraph (A)(ii) or  
462 (B)(ii), as the case may be, of subdivision (26) of this subsection, then  
463 the product of the excess that is described in subparagraph (A) of this  
464 subdivision and that is determined without regard to said  
465 subparagraph (A)(ii) or (B)(ii), as the case may be, of subdivision (26)  
466 of this subsection, multiplied by a fraction, the numerator of which is  
467 the net Connecticut minimum tax, as if the Connecticut minimum tax  
468 were calculated under said subparagraph (A)(ii) or (B)(ii), as the case  
469 may be, of subdivision (26) of this subsection and the denominator of  
470 which is the net Connecticut minimum tax, as if the Connecticut  
471 minimum tax were calculated under said subparagraph (A)(i) or (B)(i),  
472 as the case may be, of subdivision (26) of this subsection.

473 (28) "Adjusted federal tentative minimum tax" of a trust or estate

means its federal tentative minimum tax or, in the case of a trust or estate whose Connecticut taxable income includes modifications described in subparagraph (A)(i), (A)(ii), (A)(iv), (A)(v), (A)(vi) or (A)(vii) of subdivision (10) of subsection (a) of this section or subparagraph (B)(i), (B)(ii), (B)(iii), (B)(iv), (B)(v), (B)(vi) or (B)(vii) of subdivision (10) of subsection (a) of this section, the amount that would have been the federal tentative minimum tax if such tax were calculated by including, to the extent not includable in federal alternative minimum taxable income, the modifications described in subparagraph (A)(i), (A)(ii), (A)(iv), (A)(v), (A)(vi) or (A)(vii) of subdivision (10) of subsection (a) of this section, by excluding, to the extent includable in federal alternative minimum taxable income, the modifications described in subparagraph (B)(i), (B)(ii), (B)(iii), (B)(iv), (B)(v), (B)(vi) or (B)(vii) of subdivision (10) of subsection (a) of this section, and by excluding, to the extent includable in federal alternative minimum taxable income, the amount of any interest income or exempt-interest dividends, as defined in Section 852(b)(5) of the Internal Revenue Code, from obligations that are issued by or on behalf of the state of Connecticut, any political subdivision thereof, or public instrumentality, state or local authority, district, or similar public entity that is created under the laws of the state of Connecticut, or from obligations that are issued by or on behalf of any territory or possession of the United States, any political subdivision of such territory or possession, or public instrumentality, authority, district or similar public entity of such territory or possession, the income with respect to which taxation by any state is prohibited by federal law. If such trust or estate is itself a beneficiary of a trust or estate, then, for purposes of calculating its adjusted federal alternative minimum tax, its federal alternative minimum taxable income shall also be increased or decreased, as the case may be, by the net amount of such trust or estate's proportionate share of the Connecticut fiduciary adjustment relating to modifications that are described, to the extent not includable in federal alternative minimum taxable income, in subparagraph (A)(i), (A)(ii), (A)(iv), (A)(v), (A)(vi) or (A)(vii) of



508 subdivision (10) of subsection (a) of this section or to the extent  
509 includable in federal alternative minimum taxable income,  
510 subparagraph (B)(i), (B)(ii), (B)(iii), (B)(iv), (B)(v), (B)(vi) or (B)(vii) of  
511 subdivision (10) of subsection (a) of this section.

512 (29) "Federal alternative minimum taxable income" means  
513 alternative minimum taxable income, as defined in Section 55(b)(2) of  
514 the Internal Revenue Code.

515 (30) "Adjusted federal alternative minimum taxable income" of an  
516 individual means his or her federal alternative minimum taxable  
517 income or, in the case of an individual whose Connecticut adjusted  
518 gross income includes modifications described in subparagraph (A)(i),  
519 (A)(ii), (A)(v), (A)(vi), (A)(vii) or (A)(viii) of subdivision (20) of  
520 subsection (a) of this section or subparagraph (B)(i), (B)(ii), (B)(v),  
521 (B)(vi), (B)(vii), (B)(viii), (B)(ix), (B)(x), (B)(xiii) or (B)(xv) of subdivision  
522 (20) of subsection (a) of this section, the amount that would have been  
523 the federal alternative minimum taxable income if such amount were  
524 calculated by including, to the extent not includable in federal  
525 alternative minimum taxable income, the modifications described in  
526 subparagraph (A)(i), (A)(ii), (A)(v), (A)(vi), (A)(vii) or (A)(viii) of  
527 subdivision (20) of subsection (a) of this section, by excluding, to the  
528 extent includable in federal alternative minimum taxable income, the  
529 modifications described in subparagraph (B)(i), (B)(ii), (B)(v), (B)(vi),  
530 (B)(vii), (B)(viii), (B)(ix), (B)(x), (B)(xiii) or (B)(xv) of subdivision (20) of  
531 subsection (a) of this section, and by excluding, to the extent includable  
532 in federal alternative minimum taxable income, the amount of any  
533 interest income or exempt-interest dividends, as defined in Section  
534 852(b)(5) of the Internal Revenue Code, from obligations that are  
535 issued by or on behalf of the state of Connecticut, any political  
536 subdivision thereof, or public instrumentality, state or local authority,  
537 district, or similar public entity that is created under the laws of the  
538 state of Connecticut, or from obligations that are issued by or on behalf  
539 of any territory or possession of the United States, any political  
540 subdivision of such territory or possession, or public instrumentality,

541 authority, district or similar public entity of such territory or  
542 possession, the income with respect to which taxation by any state is  
543 prohibited by federal law. If such individual is a beneficiary of a trust  
544 or estate, then, for purposes of calculating his or her adjusted federal  
545 alternative minimum taxable income, his or her federal alternative  
546 minimum taxable income shall also be increased or decreased, as the  
547 case may be, by the net amount of such individual's proportionate  
548 share of the Connecticut fiduciary adjustment relating to modifications  
549 to the extent not includable in federal alternative minimum taxable  
550 income, that are described in subparagraph (A)(i), (A)(ii), (A)(v),  
551 (A)(vi), (A)(vii) or (A)(viii) of subdivision (20) of subsection (a) of this  
552 section or to the extent includable in federal alternative minimum  
553 taxable income, subparagraph (B)(i), (B)(ii), (B)(v), (B)(vi), (B)(vii),  
554 (B)(viii), (B)(ix), (B)(x), (B)(xiii) or (B)(xv) of subdivision (20) of  
555 subsection (a) of this section.

556 (31) "Adjusted federal alternative minimum taxable income" of a  
557 trust or estate means its federal alternative minimum taxable income  
558 or, in the case of a trust or estate whose Connecticut taxable income  
559 includes modifications described in subparagraph (A)(i), (A)(ii),  
560 (A)(iv), (A)(v), (A)(vi) or (A)(vii) of subdivision (10) of subsection (a) of  
561 this section or subparagraph (B)(i), (B)(ii), (B)(iii), (B)(iv), (B)(v), (B)(vi)  
562 or (B)(vii) of subdivision (10) of subsection (a) of this section, the  
563 amount that would have been the federal alternative minimum taxable  
564 income if such amount were calculated by including, to the extent not  
565 includable in federal alternative minimum taxable income, the  
566 modifications described in subparagraph (A)(i), (A)(ii), (A)(iv), (A)(v),  
567 (A)(vi) or (A)(vii) of subdivision (10) of subsection (a) of this section,  
568 by excluding, to the extent includable in federal alternative minimum  
569 taxable income, the modifications described in subparagraph (B)(i),  
570 (B)(ii), (B)(iii), (B)(iv), (B)(v), (B)(vi) or (B)(vii) of subdivision (10) of  
571 subsection (a) of this section, and by excluding, to the extent includable  
572 in federal alternative minimum taxable income, the amount of any  
573 interest income or exempt-interest dividends, as defined in Section  
574 852(b)(5) of the Internal Revenue Code, from obligations that are

575 issued by or on behalf of the state of Connecticut, any political  
576 subdivision thereof, or public instrumentality, state or local authority,  
577 district, or similar public entity that is created under the laws of the  
578 state of Connecticut, or from obligations that are issued by or on behalf  
579 of any territory or possession of the United States, any political  
580 subdivision of such territory or possession, or public instrumentality,  
581 authority, district or similar public entity of such territory or  
582 possession, the income with respect to which taxation by any state is  
583 prohibited by federal law. If such trust or estate is itself a beneficiary of  
584 a trust or estate, then, for purposes of calculating its adjusted federal  
585 alternative minimum taxable income, its federal alternative minimum  
586 taxable income shall also be increased or decreased, as the case may be,  
587 by the net amount of such trust or estate's proportionate share of the  
588 Connecticut fiduciary adjustment relating to modifications that are  
589 described, to the extent not includable in federal alternative minimum  
590 taxable income, in subparagraph (A)(i), (A)(ii), (A)(iv), (A)(v), (A)(vi)  
591 or (A)(vii) of subdivision (10) of subsection (a) of this section, or to the  
592 extent includable in federal alternative minimum taxable income,  
593 subparagraph (B)(i), (B)(ii), (B)(iii), (B)(iv), (B)(v), (B)(vi) or (B)(vii) of  
594 subdivision (10) of subsection (a) of this section.

595 (32) "Pay" means the payment by an individual of the tax imposed  
596 on his Connecticut adjusted gross income or the payment by a  
597 fiduciary of a trust or estate of the tax imposed on its Connecticut  
598 taxable income, and includes the payment over by an employer or  
599 other person of the tax that such employer or other person is required  
600 to collect, deduct or withhold and to truthfully account for.

601 (33) "Partnership" means a partnership as defined in Section  
602 7701(a)(2) of the Internal Revenue Code and the regulations adopted  
603 thereunder, as from time to time amended, and any reference in this  
604 chapter or in regulations adopted under this chapter to a partnership  
605 shall include a limited liability company that is treated as a partnership  
606 for federal income tax purposes.

607 (34) "Partner" means a partner as defined in Section 7701(a)(2) of the  
608 Internal Revenue Code and the regulations adopted thereunder, as  
609 from time to time amended, and any reference in this chapter or in  
610 regulations adopted under this chapter to a partner shall include a  
611 member of a limited liability company that is treated as a partnership  
612 for federal income tax purposes.

613 (35) "Holocaust victim settlement payment" means a payment  
614 received: (A) As a result of a settlement of the action entitled In re  
615 Holocaust Victims' Asset Litigation, C.A. No. 96-4849, in the United  
616 States District Court for the Eastern District of New York; (B) under the  
617 German act regulating unresolved property claims, also known as  
618 Gesetz zur Regelung offener Vermögensfragen, or any other foreign  
619 law providing payments for Holocaust claims; or (C) as a result of the  
620 settlement of any other Holocaust claim, including insurance claims,  
621 claims relating to looted art, claims relating to looted financial assets,  
622 or claims relating to slave labor wages. "Holocaust victim settlement  
623 payment" includes any interest on any such payment accumulated or  
624 accrued through the date of payment. "Holocaust victim settlement  
625 payment" does not include any amount received from any asset  
626 acquired with any asset recovered, returned, or otherwise given as  
627 compensation to a Holocaust victim as a Holocaust victim settlement  
628 payment or with the proceeds from the sale of any asset recovered,  
629 returned, or otherwise given as compensation to a Holocaust victim as  
630 a Holocaust victim settlement payment.

631 (36) "Holocaust victim" means an individual who died or lost  
632 property as a result of discriminatory laws, policies or actions targeted  
633 against discrete groups of individuals based on race, religion,  
634 ethnicity, sexual orientation or national origin, whether or not the  
635 individual was actually a member of any of those groups, or because  
636 the individual assisted or allegedly assisted any of those groups,  
637 between January 1, 1929, and December 31, 1945, in the country of  
638 Nazi Germany, areas occupied by Nazi Germany, those European  
639 countries allied with Nazi Germany, areas occupied by those European

640 countries allied with Nazi Germany or any other neutral European  
641 country or area in Europe under the influence or threat of invasion by  
642 Nazi Germany or by any European country allied with or occupied by  
643 Nazi Germany. "Holocaust victim" includes the spouse or descendant  
644 of a Holocaust victim.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage and applicable to taxable years commencing on or after January 1, 2009</i>	12-701(a)
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**Statement of Purpose:**

To provide a personal income tax deduction for certain long-term care expenses.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*

Co-Sponsors: SEN. DEFRONZO, 6th Dist.

S.B. 16